

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department  
Louisiana Tech University  
State of Louisiana  
Ruston, Louisiana

January 27, 1999

3476  
9850847



***Financial and Compliance Audit Division***

---

---

***Daniel G. Kyle, Ph.D., CPA, CFE***  
***Legislative Auditor***

**LEGISLATIVE AUDIT ADVISORY COUNCIL**

**MEMBERS**

**Senator Ronald C. Bean, Chairman**  
**Representative Francis C. Thompson, Vice Chairman**

**Senator Robert J. Barham**  
**Senator Wilson E. Fields**  
**Senator Thomas A. Greene**  
**Senator Craig P. Romero**  
**Representative F. Charles McManis, Jr.**  
**Representative Edwin R. Murray**  
**Representative Warren J. Triche, Jr.**  
**Representative David Vitter**

**LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94280, Baton Rouge, Louisiana 70824-9287 in accordance with Louisiana Revised Statute 24:313. Twenty-four copies of this public document were produced at an approximate cost of \$33.20. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:371. A copy of this document is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us).

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Inain, Director of Administration, at 225/386-3680.

**ATHLETIC DEPARTMENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA  
Ruston, Louisiana**

**Financial Statement and  
Independent Auditor's Reports  
For the Year Ended June 30, 1968**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

**January 27, 1969**

ATHLETIC DEPARTMENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA

Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 1999

CONTENTS

	Statement	Page No.
Independent Auditor's Report (including section on internal control)		2
Financial Statement - Statement of Revenues and Expenditures	A	6
Notes to the Financial Statement		7



OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9097

LAURENCE A. SCHULMAN, CPA, CFE  
LEGISLATIVE AUDITOR

1400 NORTH THIRD STREET  
FIRST FLOOR SUITE 1400  
TELEPHONE: (504) 386-3900  
FACSIMILE: (504) 386-3900

December 1, 1998

Independent Auditor's Report  
Including Section on Internal Control

DR. DANIEL D. REHEAU, PRESIDENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA  
Ruston, Louisiana

We have audited the general purpose financial statements of Louisiana Tech University, a component unit of the State of Louisiana reporting entity, as of and for the year ended June 30, 1998, and for the years ended June 30, 1996 and 1997, and have issued our report thereon dated October 26, 1998. As requested by the university, we have also applied certain minimum agreed-upon procedures contained in the National Collegiate Athletic Association Financial Audit Guidelines to the accounting records and internal control structure of the Louisiana Tech University Athletic Department and to the related outside organization created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 1998, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 5.2.3.1. It is understood that this report is solely for your information. However, by provisions of state law, this report is a public document and has been distributed to the appropriate public officials.

Because the following minimum agreed-upon procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items on the accompanying statement of revenues and expenditures of the athletic department or on the financial information of the related outside organization included in this report. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Program and related outside organization of Louisiana Tech University in accordance with generally accepted auditing standards, matters might have come to our attention that would be reported to you. This report relates only to the accounts and items discussed as follows and does not extend to the financial statements of Louisiana Tech University, its Intercollegiate Athletics Program, or related outside organization taken as a whole. Our minimum agreed-upon procedures follow:

## LEGISLATIVE AUDITOR

DR. DANIEL D. RENEAU, PRESIDENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 1999

### STATEMENT OF REVENUES AND EXPENDITURES

#### Test of Statement

We obtained from management the statement of revenues and expenditures for the year ended June 30, 1998, as shown on Statement A, and obtained written representation from management as to its fair presentation. In addition, we verified the mathematical accuracy of the amounts on the statement and traced the amounts to the university's revenue and expenditure ledgers. We compiled the in-kind contributions and proposed corresponding adjustments to both revenues and expenditures. University fiscal managers concurred with the adjustments made.

#### Comparison of Statements

We compared the statements of revenues and expenditures for June 30, 1997, and June 30, 1998, to determine the percentage of increase or decrease between the two years. The university provided satisfactory responses for any material variances between the two years.

#### Comparison of Budget to Actual Revenues and Expenditures

We compared the amount of budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1998. There were no material budget variances.

#### Contributions Exceeding Ten Percent of Total Contributions

We compiled from the university accounting records and information provided by university staff a list of contributions made to the athletic department and identified individual contributors that exceeded 10% of the total contributions. Louisiana Tech University Foundation, Incorporated, (Foundation) contributed \$875,075 for the year ended June 30, 1998.

## LEGISLATIVE AUDITOR

DR. DANIEL D. RENEAU, PRESIDENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 1990

### EXPENDITURES OF OUTSIDE ORGANIZATION MADE FOR OR IN BEHALF OF THE LOUISIANA TECH UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM

#### *Review of Financial Activities of the Outside Organization*

We obtained written representation from management of the university that the Louisiana Tech University Foundation, Incorporated, was the only outside organization with a purpose of providing support to or in behalf of the athletic department. In addition, we obtained written representation from an official of the Louisiana Tech University Foundation, Incorporated, that the summaries of cash disbursements from the athletic accounts of the Foundation that were provided to us reflect fairly the financial support to the university's athletic department for the year ended June 30, 1989. We traced to the university's ledgers the amounts reported by the Foundation as disbursed directly to the university's athletic department. We determined that the remainder of the Foundation's disbursements from its athletic accounts were payments to vendors on behalf of the university's athletic department. We proposed that these be included in the statement of revenues and expenditures (Statement A) in accordance with NCAA Audit Guidelines.

#### INTERNAL CONTROLS - POLICIES AND PROCEDURES RELATING TO INTERCOLLEGIATE ATHLETICS - AGREED-UPON PROCEDURES

Management of Louisiana Tech University is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in internal controls, errors or fraud may, nevertheless, occur and not be detected. Also, projection of any evaluation of the controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The minimum agreed-upon procedures, applied to certain aspects of the university's internal controls, were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to

## LEGISLATIVE AUDITOR

DR. DANIEL D. RENEAU, PRESIDENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 1988

applying minimum agreed-upon procedures discussed in the preceding paragraphs to certain aspects of the controls, we do not express an opinion on whether the internal controls of Louisiana Tech University, in effect for the year ended June 30, 1988, taken as a whole, were sufficient to meet the objectives stated above. In connection with our agreed procedures, we did note certain opportunities for improvement in internal accounting controls. Our minimum agreed-upon procedures are as follows:

### Test of the Internal Controls

We performed a preliminary review of the internal controls of the athletics department by reviewing the organizational chart and written athletic department policies and procedures and by performing tests on the extent of documentation and the flow of transactions through the accounting system.

### Booster Group Activities

We reviewed the university's procedures for monitoring booster group activities. From interviews with Foundation and university staff, we determined that, except for direct gifts to the university, the only significant sources of external support for the athletic department are the Louisiana Tech University Foundation, Incorporated, and businesses that loan automobiles for the use of coaches. The Louisiana Tech University Foundation, Incorporated, maintains its own accounting records. The university's athletic director and controller receive audited annual financial statements from the Foundation as a means to monitor spending in support of athletics. The Athletic Director's office maintains records of automobiles provided for coaches. We obtained estimates of the fair market values for use of the automobiles and proposed inclusion of those values in Statement A in accordance with NCAA Audit Guidelines.

### Independent Audit of Outside Organization

The financial statements of the Louisiana Tech University Foundation, Incorporated, have been audited by an independent certified public accounting firm for the year ended June 30, 1988.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

CAC:MAN/BJJ:d

5/11/88/BJJ



ATHLETIC DEPARTMENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA  
(A PORTION OF) CURRENT FUNDS  
AUXILIARY ENTERPRISE FUND

Statement of Revenues and Expenditures  
For the Year Ended June 30, 1996

<b>REVENUES</b>	
Student fees	\$1,045,000
Ticket sales	729,064
Guarantees	1,284,409
Foundations, private gifts	148,483
Corporate sponsorships	108,009
Program sales	13,331
Conventions	48,487
Payments-in-kind (notes 2 and 3)	653,422
Conference distribution	60,004
Lending	75,983
College work study	7,348
Other	909,887
Total revenues	<u>\$5,268,323</u>
<b>EXPENDITURES</b>	
Personal services:	
Salaries	1,667,134
Related benefits	325,123
Travel	648,679
Operating services	438,668
Supplies	409,065
Administrative charge	106,031
Fund raising	38,258
Professional services	153,668
Medical insurance/claims	20,132
Other charges:	
Awards	27,654
Guarantees	389,409
Scholarships	837,861
Equipment	77,851
Miscellaneous	10,036
Total expenditures	<u>\$5,238,284</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$30,039</u>

The accompanying notes are an integral part of this statement.

**ATHLETIC DEPARTMENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA**

*Notes to the Financial Statement  
For the Year Ended June 30, 1998*

**INTRODUCTION**

Louisiana Tech University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The Louisiana Tech University Athletic Department is a part of Louisiana Tech University. The accompanying financial statement presents information only as to the transactions of the Louisiana Tech University Athletic Department.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FUND ACCOUNTING**

In order to observe limitations and restrictions placed on the use of available resources, the accounts of Louisiana Tech University are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

**Current Funds**

Current funds are operating funds that will be expended in the near future. They include funds for operating purposes on which there are restrictions that limit the purposes for which the funds can be used, and include the auxiliary enterprise fund. The auxiliary enterprise fund includes the accounts of the athletic department.

**B. BASIS OF ACCOUNTING**

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

**Revenues**

Substantially all revenues are recognized when earned.

**ATHLETIC DEPARTMENT  
LOUISIANA TECH UNIVERSITY  
STATE OF LOUISIANA**  
Notes to the Financial Statement (Continued)

**Expenditures**

Expenditures are recognized under the accrual basis of accounting when incurred, except that: (1) depreciation is not recognized; (2) summer school fees and faculty salaries and related benefits for June are not accrued, but are deferred to the succeeding year; and (3) inventories of the General Fund are recorded as expenditures at the time of purchase.

**D. EMPLOYEE COMPENSATED ABSENCES**

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations. Leave benefits are reflected in the accompanying statement when paid. These leave benefits are accrued and reported in the general purpose financial statements of the university audit but are not accrued for reporting purposes in Statement A since compensated absences are not reportable at the department level and the amount immaterial.

**3. PAYMENTS IN KIND FROM OUTSIDE ORGANIZATION**

Included on Statement A are expenditures made for or in behalf of the athletic department by the Louisiana Tech University Foundation, Incorporated, as follows:

Salaries	\$245,800
Travel	34,358
Operating services	57,448
Supplies	186,447
Fund raising	38,838
Awards	27,804
Equipment	33,133
Miscellaneous	18,636
	<hr/>
Total	<u>\$544,467</u>

**ATHLETIC DEPARTMENT**  
**LOUISIANA TECH UNIVERSITY**  
**STATE OF LOUISIANA**  
Notes to the Financial Statement (Continued)

**3. PAYMENTS-IN-KIND FROM OTHERS**

Included on Statement A are payments-in-kind, which are recognized as outside funds that were received for or in behalf of the athletic department from outside organizations, as follows:

Total	\$58,764
Supplies	737
Fund raising	1,300
Equipment	<u>18,244</u>
Total	<u>\$79,045</u>

**4. OUTSIDE ORGANIZATION CREATED FOR  
OR IN BEHALF OF THE LOUISIANA TECH  
UNIVERSITY INTERCOLLEGIATE  
ATHLETICS PROGRAM**

The Louisiana Tech University Foundation, Incorporated, is the only outside organization with a purpose that includes support of the Louisiana Tech University Intercollegiate Athletics Program. The Foundation maintains its own accounting records.